

THE HONORABLE BRIAN A. TSUCHIDA

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CHRISTOPHER J. HADNAGY, an individual;
and SOCIAL-ENGINEER, LLC, a
Pennsylvania limited liability company,

Plaintiffs,

v.

JEFF MOSS, an individual; DEF CON
COMMUNICATIONS, INC., a Washington
corporation; and DOES 1-10; and ROE
ENTITIES 1-10, inclusive,

Defendants.

No. 2:23-cv-01932-BAT

DECLARATION OF RYAN
MACDOUGALL IN SUPPORT OF
PLAINTIFFS' RESPONSE TO
DEFENDANTS' MOTION FOR
SUMMARY JUDGMENT

I, Ryan MacDougall, declare under penalty of perjury under the laws of Washington State
as follows:

1. I am over the age of 18, and competent to testify to the matters set forth herein; and
make this declaration of my own personal knowledge.

2. I have been in the information technology industry for 27 years, with the last 11 in
information security specifically. I was hired by Chris Hadnagy to Social-Engineer, LLC
(SECOM) in Oct of 2017 as a Senior Penetration Tester. Within a year of my employment, I was
promoted to Chief Operating Officer, which was a position previously held by Michele Fincher.
My responsibilities in that role consisted of managing the operational team that performed our
managed services, high level project management of ongoing contracts, Sales Engineer duties,

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1 working with the company CPA and controller consultant for financial forecasting and budgeting,
2 managerial input into marketing activities, high level system administration and system
3 architecture of SECOM infrastructure, training instructor for multiple training offerings, managing
4 staff at public events and conferences, and public speaking at existing clients, conferences, and
5 prospective clients.

6 3. I resigned from Social-Engineer as of January 31, 2024 primarily due to general
7 financial stability concerns of the company. I have a young family and the stress of possible closure
8 for almost 2 years was impacting my physical and mental health. I did not want to be in a position
9 of having to start the search for new employment after the closure of the company, as I require
10 stable insurance and income, as I am the sole financial provider for my family. I made the difficult
11 decision to seek new employment before being put in that position. It was difficult for me because
12 I still firmly believe in the quality and uniqueness of the service offerings of SECOM and I made
13 many close friendships with the employees, and I did not want my departure to be viewed as a
14 negative view of or abandonment of the company and the people associated.

15 DEFCON as an event, the vibe and atmosphere

16
17 4. During my time just before working at SECOM and during that time, I was able to
18 attend the annual DEFCON conference in Las Vegas in person, both as a standard attendee then
19 as a village manager (SE Village). My experience with the conference was a generally positive
20 one, but there were concerns about data and personal information safety that were associated with
21 the conference that were well advertised by attendees over the years. Advice was often given to
22 not utilize common telecommunications services and mobile technologies while at the conference
23 as it was commonplace for fraudulent and malicious wireless access points to be set-up by
attendees in an effort to steal personal data and credentials of attendees. One such example was

1 the "Wall of Sheep" which was an authorized room at the conference that displayed attendees
2 captured login credentials on the available mobile networks. While acting as an Event Runner at
3 the conference (SE Village with associated contests) I was often approached by attendees and
4 thanked for providing a safe haven within the conference that was seen as a safe place for families
5 to attend the conference but not expose their children to some of the "adult-only" elements of the
6 conference. Many times, we would have families stay their entire time in our room to enjoy the all
7 ages activities we had planned. Also, the conference security team (referred to as "Goonies", or "red-
8 shirts") rarely patrolled our village location, as we were told that we were proficient at managing
9 the security of our location effectively enough to not warrant their presence regularly.

10 Def Con interviewed me during this litigation.

11 5. I think it's also important to note that Def Con's defense counsel in this case did
12 not depose me, but did interview me during the discovery process, which is when I relayed much
13 of the information in this declaration to them directly with a series of questions and answers as
14 part of that dialog.

15 Blackhat interactions

16 6. I attended the meeting with 4 Blackhat representatives shortly after the DEFCON
17 transparency report was published. We (Chris and I) assumed the issues they were going to raise
18 related to the allegations DEFCON was referring to. To our surprise, they directly stated "We do
19 not know what the DEFCON allegations are and we are not concerned with what happens at other
20 conferences." So they presented 3 specific allegations they wanted more information about. Each
21 of those allegations were stated and were addressed, and in fact they were all resolved with both
22 affected parties in each case, well before I had even met Chris, meaning many years before they
23

1 were raised as a concern. At the end of the meeting the four Blackhat representatives seemed
2 satisfied with the explanations and the meeting ended on a positive note. So it was very surprising
3 that a ban was then issued, not publicly at the time, but shortly thereafter. It is unclear whether Mr.
4 Moss was at all responsible for this development, but at the time he was known to have a strong
5 influence over the committee responsible for issuing the ban.

6 7. As far as the competing social engineering class run by Stephanie Carruthers, a
7 complaint was made to the training review board due to a situation where a student of another class
8 approached Chris and was angry about a certain homework assignment his class was supposedly
9 issuing. After the student explained the assignment, it became clear that the class issuing that
10 assignment was in fact Ms. Carruthers' class, and the student apologized and walked off. The
11 homework assignment in question was that students of Ms. Carruthers' class were told to approach
12 strangers and social engineer them to go to an ATM and withdraw \$20 and give that money to the
13 student, as proof that they are capable of social engineering targets. The targets in this case had no
14 association with the class and were innocent bystanders to this possible act of fraud and theft.

15 8. To add additional context to the relationship between Ms. Carruthers and Chris as
16 I understand it, before I knew Chris, Ms. Carruthers' husband JC was a contestant in the SE Village
17 flagship contest at DEFCON. He was disqualified by breaking an ethics rule "You cannot threaten
18 the employment of any targets during the competition." After he was disqualified he then went on
19 to coach another less experienced contestant to do the same thing, which also resulted in a
20 disqualification. At that point JC was banned from the village. This is mentioned because 7 months
21 prior to the DEFCON transparency report was published, an SECOM employee was approached
22 by Ms. Carruthers in an attempt to recruit them to the previously unknown "new" SE Village that
23 was being put together to replace Chris and SECOM's SE Village. This was also 3 months before

1 SECOM even knew there were allegations being communicated to DEFCON.

2 Maxie Reynolds' employment and the events surrounding her resignation

3 9. I was not directly involved in the hiring of Maxie Reynolds by Social-Engineer, but
4 I was tasked with being her manager once she was hired. We worked closely together managing
5 the operational team when she was promoted to a Team Lead position and writing policies and
6 procedures for the company during a transition from a start-up feel to a more formal corporate
7 structure. We had many business and personal discussions during her time with the company where
8 it appeared as though we were establishing a friendship, much like it was with many of the other
9 employees. At one point she was tasked with performing a network penetration test for a client,
10 based on her assumed certification (Offensive Security Certified Professional or OSCP) in that
11 area of expertise. After waiting the full duration of the allotted time frame to complete the test, she
12 communicated she had not performed any testing at all and was declining to do so, as she didn't
13 know what was to be done. That raised a concern that she may not have actually been certified as
14 she had claimed since the certification was education on exactly the necessary activities that were
15 requested of her. The certification also required that an applicant pass a final exam commonly
16 known to be difficult even for seasoned security professionals. I was then pulled off of another
17 project and tasked with performing the test for the client in a shortened amount of time than was
18 initially offered. In the final six months or so of her employment, Ms. Reynolds communicated
19 personal issues that would take her away from the company. After many discussions we as
20 executive management elected to provide her with extended paid leave to help support her in her
21 personal commitments. The story we were told was that her father was gravely ill in Scotland and
22 that she would have to travel there to be with him for an unknown amount of time. It became clear
23 after a number of discussions with her and others that were speaking with her, as well as monitoring

1 of corporate communications, that the story she was conveying to us was likely not true and she
2 was actively working against the company by redirecting potential business away from SECOM
3 to another company. These activities would be considered a violation of her signed employment
4 agreement. Maxie then resigned, which required us to request she send her corporate laptop back
5 to us, which was typical for any terminated employee of any position. The difference with this
6 situation was that she had requested many months before her personal issues occurred that she use
7 a personal laptop for corporate usage. We (executive management) granted this request under the
8 condition that Microsoft Intune (MDM software) and CrashPlan (backup software) be installed
9 and that the device would be managed and monitored like every other corporate device in use for
10 business purposes. We also stated that after the corporate data was removed, the device would be
11 shipped back to her. After numerous weeks of her committing to sending the device to me, but not
12 providing shipping details, we (executive management) elected to perform a remote lock on the
13 device to prevent client and corporate data loss from occurring. The software we had installed did
14 not allow for remote wiping, only remote locking for the specific operating system in use. Again,
15 had the device been shipped as requested and indicated by her, the software lock would be removed
16 and the corporate and client data removed, the device was to be shipped back to her to remain a
17 personal device. Once the device successfully locked, Ms. Reynolds contacted us via a lawyer to
18 demand the software lock be removed, insinuating all data on the device was owned exclusively
19 by her, which was clearly false as we could see corporate and client data on the disk via the backup
20 software copies. After a number of conversations with her lawyer, her counsel communicated to
21 us that they had dropped her as a client as she had no viable claim to the data based on her signed
22 employment contract. Ms. Reynolds then took the laptop to an Apple store and had the laptop
23 wiped. I spoke to the technician at the store that performed the wipe to ensure that no backups of

1 the data existed. Shortly after that occurred is when we (SECOM) started to hear about complaints
2 being submitted to DEFCON regarding possible code of conduct violations.

3 I sent a final text message to Ms. Reynolds to one of the multiple phone numbers she had
4 provided for communications to provide myself a level of closure to the event that had occurred. I
5 felt betrayed, but still felt it necessary to offer a message of almost forgiveness for that betrayal,
6 by acknowledging the lies we had uncovered with evidence and hoping she could sincerely find a
7 form of happiness in the future. Effectively washing my hands of her and wishing her well. There
8 was no intended malice in my final communication which occurred weeks after the laptop dispute.

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10 Cat Murdock Employment and Departure

11 10. I was not directly involved in the hiring of Cat Murdock, as I was myself hired
12 shortly before her. I did know she came to the company with no prior cyber security work
13 experience. We worked as peers for most of her tenure at SECOM, and we collaborated on many
14 projects. The circumstances of her termination was an abrupt resignation shortly after the close of
15 an annual training class she was a significant contributor to. Ms. Murdock was in charge of
16 orchestrating a major component of the class which involved assigning daily tasks to a group of
17 actors we employed as part of the class. Given the nature of the class it was imperative to structure
18 these activities in a way to remain legal and in compliance with expectations of the company that
19 was utilized as a target for the class activities. For this iteration of the class SECOM management
20 gave her a level of autonomy to develop the narratives for the actors, which was a first for this
21 class, to offer another level of realism to the students. In past years all activities were constructed
22 with the "red team" (the trainers) and the "blue team" (administrative SECOM staff) collaborating
23 on these activities. Ms. Murdock was given this additional responsibility to manage the "blue team"
activities with no managerial oversight based on the previous quality of work she had exhibited

1 for other SECOM projects. The activities she ultimately planned were structured in a way that, had
2 they been executed as she designed, would have been illegal and fraudulent. The trainers (Chris
3 and myself) were put in a position to recover from this mistake in real time during the class and
4 make changes to her designs without compromising the integrity of the class. It made for a very
5 stressful day, as "breaking the fourth wall" in this class would have created a significantly negative
6 experience for the students who were paying in total about \$80,000 for this class. Due to this stress
7 she was relieved of her managerial role, via MS Teams chat, and the class ultimately recovered
8 and completed successfully. Hours after the class had ended, very late in the evening, Ms. Murdock
9 emailed her resignation to management.

10 11. At no time while I was working with Ms. Murdock did she express concerns about
11 her safety or her concerns with Chris' behavior toward employees. A couple months after her
12 departure a website under her control began advertising services that were named exactly like those
13 of SECOM services, meaning she was in direct competition, which violated her signed
14 employment agreement. After a cease-and-desist letter was issued the website was
15 decommissioned. A couple months after that encounter we were notified that Ms. Murdock became
16 employed at an established competitor of SECOM, within the one year non-compete timeframe,
17 which was another violation of her signed employment contract. SECOM took no action for this
18 infraction primarily due to not wanting to inhibit her career, as we (management) were more
19 comfortable just parting ways with her.

20 12. At the final in-person DEFCON conference that SECOM attended, Ms. Murdock
21 was also in attendance and at one point publicly identified members of the FBI's child protection
22 unit (that she worked with while she was a volunteer with ILF) that was in attendance to visit with
23 Chris as part of his Innocent Lives Foundation work. Ms. Murdock approached these agents in

1 such a manner (advertising they should work directly with her and cease working with ILF) that
2 the agents insisted Chris "do something to stop her from contacting them." Chris was in no position
3 to do that, so we (management) banned her from the SE Village for the duration of the conference
4 that year to shield these agents from her contact.

5 Jess Levine Departure

6 13. I was directly involved in the hiring of Jess Levine and had known her briefly before
7 she interviewed with SECOM as she was a regular volunteer for the SE Village at DEFCON and
8 DerbyCon for the multiple years I was a part of it. During her interview we (management) were
9 impressed with the skillset she could offer SECOM and were excited for her to join the team. I
10 was personally excited as the skills she advertised to us would directly benefit a project I was
11 exclusively working on, and I was looking forward to the collaboration. Unfortunately, shortly
12 after she started working for SECOM it became clear that Ms. Levine was not living up to her
13 advertised work experience and a series of personnel issues arose related to her self-disclosed
14 emotional issues. We (management) tried to support her in every way we could during her short
15 time with the company, going so far as to offer her paid leave to seek mental health services
16 without the stress of trying to also fulfill her employment obligations. She did not take that offer
17 at the time, but instead publicly disclosed on social media her concerns with mental health issues
18 and her "hypothetical" management. She was spoken to about her concerns and the unprofessional
19 nature of her social media post, but that issue was laid to rest shortly thereafter. It was only after
20 additional concerns about her work output after that incident did management decide to terminate
21 her employment.
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Chris Hadnagy

14. Two years before I was employed at Social-Engineer, I had attended one of Chris Hadnagy's classes (Advanced Practical Social Engineering) in an effort to progress in my career as a penetration tester at my current (at the time) employer. Attending that class was truly a life-changing experience. I met Chris and Michele Fincher there as they were the instructors of the class and felt immediately like I bonded in a sense with Michele, as we seemed to have similar communication styles. I learned more than I had hoped attending that class, about not only my career possibilities but about myself as an introverted person. Chris unknowingly established a connection with me via the music he played in the class.

15. As an instructor Chris always held his students to a high ethical standard even in the early days when I first met him and he was extremely respectful of all perspectives and opinions of his students whether he agreed with them or not. The high ethical standard was employed in all facets of his business, to the point where he wrote the first known Code of Ethics for professional social engineers which was widely accepted and utilized globally. This was also present in the homework assignments of the APSE class which were curated to cause the student to feel uncomfortable asking highly personal questions of strangers in the final night of the homework. It was well communicated in every class I was able to attend, both as a student and an instructor, that the nature of the questions were never to be communicated in a sexual or demeaning way and that it was up to the students to devise an ethical approach and request to obtain the requested information. If a student felt they were unable to complete the task as requested they were never forced or belittled for not completing the homework. For me personally having to come up with a manner in which to ask these questions was a real challenge and I was thankful I was able to complete the task as it taught me a new way to approach conversations which was an incredible

1 asset to have as I became a professional social engineer. Incidentally that result was the entire
2 purpose of the exercise.

3 16. The following year after attending APSE I was invited to attend a new class offering
4 titled Master's Level Social Engineering. This was the first of its kind class environment, which
5 was also taught by both Chris and Michele. Later in my career at SECOM I became the co-
6 instructor of that class. The nature of the class was to have students interact with actors playing a
7 role, for which they were not aware of their involvement in the class until the final day. On that
8 final day the actors and students were able to meet and ask questions and relay their experiences
9 for everyone to be able to learn. This class, due to its nature, was also held to the highest of ethical
10 standards so no one involved ever felt manipulated or abused in any way. We received high praise
11 from both students and the actors for accomplishing that goal each year I was a part of it.

12 17. As a senior leader at SECOM, it was necessary for Chris and I to collaborate on
13 employee concerns and requests. The meetings we had always revolved around how to resolve
14 situations in the most professional way possible. The company motto of "Leave them feeling better
15 for having met you" was the foundation in which we tried to lay in every interaction. To say it was
16 always successful may be an exaggeration, but there were many more positive outcomes than not.
17 Not everyone was comfortable with Chris' very direct communication style, which is where I was
18 able to help with company-wide and individual communications to employees. Stress can be a
19 factor in miscommunications in any interaction and that was certainly present in some of the
20 interactions we had with employees.

21 18. I also volunteer for the Innocent Lives Foundation to this day and have never
22 considered leaving the organization, as the mission is necessary and I am thankful to Chris for both
23 establishing the ILF as well as allowing me to assist where and when I can. I have attended

1 numerous meetings with multiple law enforcement agencies as part of my role and have spoken
2 with the agents Chris has curated relationships with and have never heard anything but intense
3 praise for what he and his team are able to accomplish.

4 Loss of business

5 19. For the first few years of my employment at SECOM, business was consistently
6 growing and we were gaining new clients and additional work from existing clients at a pace where
7 we needed to start hiring additional personnel to be able to fulfill all the work requests. We were
8 in a unique position to be able turn away work at our discretion due to the amount of opportunity
9 in front of us. All of this was possible without any formal marketing staff or strategy for the entire
10 time I was employed there up until Def Con's ban announcement and subsequent statements.

11 Seemingly overnight after the initial transparency report was published, a noticeable vacuum of
12 contact was seen. The initial shock of the disclosure was immediately felt on our social media
13 accounts and we began to face a resistance to new work we had never experienced before. Nothing
14 else had changed during this time period aside from the release of the transparency report and
15 statements by Def Con. We also lost a number of existing and longtime clients – who specifically
16 cited to their concerns about Def Con's statements. During this aftermath we attempted to employ
17 numerous professional marketing and public relations contractors to overcome this new void of
18 incoming work. That trend continued for the duration of my time at the company. There were
19 minor upticks in business after a year or so, post transparency report publication but nothing
20 remotely near the growth seen before the report publication. Also, all formal marketing efforts,
21 that were previously not even necessary, failed to generate any new business.
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1 20. The final years of my employment were unlike all the previous years I was able to
2 witness the business. Prior to Def Con's statements, each year the company was profitable to the
3 point where Chris was able to not only send end-of-year gifts to employees and client points of
4 contact where appropriate, each employee received sizable bonuses as a sign of appreciation for
5 the work they did. This was not possible in the final two years of my employment for the first time
6 in the company's history. It was a notable stressor on Chris personally not being able to reward a
7 loyal group who continued each day working hard to make ends meet. Privately at first, both Chris
8 and I did not take income from the company for a number of months (him longer than me), being
9 the highest paid employees, we felt it would help the employees and maintain positive morale if
10 they were not affected by the shortcoming of the revenue drop experienced. The timing of the
11 revenue drop was directly associated with the transparency report release, and subsequent update
12 that was released which both were mentioned in meetings with existing clients, prospective clients
13 and friends of the company in general. It became very hard to market and advertise our business
14 without having to address Def Con's public statements. Both public speaking and annual training
15 revenue dropped significantly which was never experienced before those releases. Our
16 involvement in the Def Con conference was always an investment for new business, and a way to
17 give back to the community in which the company was born, as we never received any
18 compensation from the conference itself, and any sponsor income was used exclusively to fund
19 the participation in the event and not as company revenue.

20 21. Experiencing a company living effectively paycheck to paycheck was extremely
21 stressful and was never experienced prior to the final two years I was an employee. That stress was
22 the primary reason I resigned, to find stability for my family, at a cost of not being able to help the
23 company.

1 I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED
2 STATES OF AMERICA AND STATE OF WASHINGTON THAT THE FOREGOING IS TRUE
3 AND CORRECT TO THE BEST OF MY KNOWLEDGE.

4 Executed at Denver, Colorado, this 13 day of March, 2025.

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6 _____
7 Ryan MacDougall
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CERTIFICATE OF SERVICE

The undersigned certifies under the penalty of perjury according to the laws of the United States and the State of Washington that on this date I caused to be served in the manner noted below a copy of this document entitled **DECLARATION OF RYAN MACDOUGALL IN SUPPORT OF PLAINTIFFS' RESPONSE TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT** on the following individuals:

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☐ Via USPS
☒ Via Electronic Mail
☒ Via Electronic Filing (CM/ECF)

DATED this 14 day of March 2025 at Seattle, Washington.


Amber Holmes, Legal Assistant